

Remarks of Lt. Governor Becky Skillman at the Association of Equipment Distributors Conference in Chicago September 16, 2010

Bob Henderson, great to see you again, and thanks for extending the invitation to be with you. Bob's father and I are from the same home town (Bedford, Indiana) the Limestone Capital of the World. It takes a lot of heavy equipment to work in that karst topography.

It's great to be in Chicago for part of a day. While I love the city, I'm actually a small town gal at heart. And, of course, there's no shortage of small towns in Indiana. And there's nothing more important for a state executive than understanding the local pronunciation of the name of these small towns.

In my first few months as Lt. Governor, one day my assistant and I were on our way to the southeast corner of our state to one of the smallest counties in Indiana. We had a meeting in the county seat, and we were having a disagreement over the local pronunciation of the name of the town. Is it Vevay, VeVy or Vevy?

As we entered the town, we stopped at a fast food restaurant to get a bite to eat. And I said, we'll ask the manager. So the young fellow comes out and I say, "Will you clearly and slowly tell me where we are now?" And he said, "Dairy Queen."

Of course, that was my fault. Traveling across Indiana is one of my favorite things to do, and I've probably traveled every road that your equipment has helped to build. Being on the road is always an adventure. Just a few weeks ago, two members of my staff and I were driving back to Indianapolis from morning meetings in Richmond.

About two miles away from downtown Indy on I-70 in four lanes of traffic one way, we were startled by a loud crash into our Chevy Tahoe on the driver's side (assuming a motorist merged into us).

After we made sure everyone was okay, we realized that two Port-a-Potties had flown off a truck bed and crashed into our Tahoe. Behind us were four lanes of traffic dodging half a dozen Port-a-Potties scattered across I-70. I knew this would make the news and Governor Mitch was out of state. So I emailed him and said, "I've been through a lot of crap on the road, but that was ridiculous."

We are here at a very interesting time in politics. Everyone wants to know, will Republicans take back the U.S. House? Will Democrats hold on to the Senate? How will Bristol Palin do on *Dancing with The Stars*? You know, the important political questions of our time.

If you want to talk politics, we'll do that afterwards. I have a lot to share first, and road-building is a very bi-partisan undertaking. Yes, for years across the country Democrats and Republicans have failed to do it.

But in Indiana, we are a little different, and I want to tell you our story.

You may be familiar with what we call "Major Moves." This is our 10-year, multi-billion dollar program that is improving and expanding Indiana's highway infrastructure – all funded with no tax increases, no borrowing, and no financial smoke and mirrors. The money came from the long-term lease of the Indiana Toll Road and was not financed on the backs of our children and grandchildren.

When we came to office in 2005, Indiana faced the same multi-billion dollar construction deficit that almost every state faces to this day. For decades Indiana politicians had promised to build roads and some major corridors. But no funding stream was identified.

When we came to office the typical solutions (Garvey Bonds, gas tax hikes, etc) did not appeal to us at all. So credit Governor Mitch Daniels with having the bold idea to lease the Indiana Toll Road to private operators.

We had a brief window of opportunity to make the statutory change because our legislature meets only from January to April. Quite frankly, we are an action-oriented administration and the legislature is process-oriented - that alone will create some natural friction. It would be an understatement to call what happened "friction." It became very controversial.

The Governor and I opened the five bids during the heat of the debate, set a threshold at \$2 billion. If the top bid didn't reach \$2 billion then it was not worth the effort to pursue. The top bid came in at \$3.8 billion and Governor Mitch said to me, "Oh, it's a slam dunk now." I, on the other hand, served 12 years in the Indiana Senate. Our General Assembly has had day-long debates about naming the official state dessert. I told him, it won't be a slam dunk.

And I was right. In the debate over Major Moves, we heard it all. We heard the xenophobic argument because the lessee was a Spanish-Australian consortium. In fact, legislators offered amendments requiring American flags to be flown over Toll Plazas.

The seven counties in the north along the toll road corridor argued that every penny from a lease should be spent in their region only; essentially saying it was their asset. The Democrat leader of the House Representatives even took to the microphone and said the lease was "conceived in sin."

It took extraordinary push and pull during that legislative session. We spent a lot of political capital, and in the end Major Moves passed by one vote. And our party held a majority in both houses. The rhetoric statewide was loud for at least one year, especially among the residents of the northern tier of our state (although each of the seven counties received \$40 million for their local infrastructure needs, including several small rural counties among them).

We put the bulk of the lease money in the ground as quickly as possible, and it wasn't long until a majority of citizens understood that the lease was extremely worthwhile.

Our original Major Moves plan called for 104 entirely new corridors and 1,600 lane miles by 2015. We've accelerated that plan, and many of our projects are slated for a 2012 completion. And we currently have over 70 percent of those corridors complete or under construction, and our highways and bridges are being preserved and replaced at unprecedented levels.

We're funding small projects that will keep our communities strong, and we have large projects that are moving us forward as well – I-69, Fort to Port (US24), I-465 acceleration, Hoosier Heartland Corridor (SR25), US 31 and major bridges (Ohio River and Madison/Milton).

We've invested more than \$5 billion in new construction and preservation since 2006. And our state hasn't borrowed money for roads since 2004 (the year before we came to office).

The Major Moves advantage also positioned us to make fast work of federal stimulus dollars when they came through. Major Moves was not funded by deficit spending, no gambling of Indiana's future. And Major Moves was more than five-times the amount of money we received through stimulus funding.

That's why we were able to make such fast, efficient work of the money Washington sent. We were the first state in the country to completely distribute our transportation stimulus funding because we had so many shovel-ready projects.

We are funding well over 1,000 projects and work is taking place in each of our 92 counties. That was no small task, but we focused on both quality and quantity, worked hard, and moved money fast to contractors.

When we first began to work with our share of the federal stimulus for all of state government, we pledged three things: create as many jobs as possible, do it as quickly as possible, and leave a lasting impact on our state.

Although states were not given a lot of flexibility, we tried to be creative across the board. Especially in transportation, we used every dollar to do the most good, and

INDOT achieved all three of our goals in record time – even gaining national attention for our speed.

Major Moves was a stimulus package long before that term ever became a dirty word in politics. It put Hoosiers to work building roads. It gave many of your companies work from building, selling, and leasing heavy machinery.

So why did Governor Mitch and I put so much effort into this plan that cost us so much political capital? The fact is we came into office knowing that jobs and Indiana's economy would be our number one priority, and modern infrastructure is key to attracting businesses to Indiana.

We regularly survey the companies that seal deals with the state for business location, expansion, and job creation. These surveys show that transportation infrastructure is the number one or two reason they choose Indiana.

One year after our Major Moves money was in the bank, a small company you may have heard of, Honda, announced they would build a plant in Greensburg, Indiana. There were a lot of reasons they chose us; an excellent work force, a favorable tax climate, low cost of doing business. But we also had the money on hand to build a much-needed interchange off Interstate 74, where they intended to build the plant.

That's just one example of how your industries have provided a boost to other industries. And as you fight for your future, we in Indiana want to be a part of it.

Our state is a beacon of fiscal stability in America's economic storm, and even we have taken many hits as we attempt to maintain our fiscal strength. Even with all the efficiencies created, and reductions in state agency budgets, you might say the hard work is just beginning.

On a revenue basis, we may have less money to work with when we adopt the state budget in 2011 than we had in 2007. Now, I'm talking about the State's General Fund. Our transportation budgets are still at record levels thanks to the money we have banked.

But just as we did with Major Moves when it comes to the General Fund, we have already made a commitment to live within our means and not raise taxes.

At the federal level, they've created an environment of uncertainty. With the accumulating debt, new health care mandates, and the prospect of job-killing legislation like Card Check - business has its hands tied.

But we know that low taxes, and a promise that those taxes will stay low, are precisely what have kept us so strong for so long.

The National Chamber Foundation rated Indiana's business tax environment as fourth best in the nation in their report released in May.

We are one of few states that have a balanced budget and a surplus. We've ensured our financial security by tightening our belts. State Agency budgets have been reduced by 25 percent in an already lean state government - hiring freeze, no pay raises, voluntary unpaid leave, reduced state fleet of vehicles, and other initiatives have kept us in the black.

That frugality allowed us to obtain a AAA credit rating a few years ago, for the first time in our state's history. Now, we have to work equally hard to maintain it. But it does, indeed, make a difference to investors as they consolidate, expand, or locate new businesses in our state.

According to the latest numbers from the U.S. bureau of Labor Statistics, Indiana's job growth in 2010 in the private sector was at 2.4 percent, tied for first in the nation with Utah.

As of latest reporting more than 55,000 private sector jobs were added in Indiana so far in 2010 for 9 percent of the nation's overall job growth (and Indiana has only 2 percent of country's population). We're growing at four times the national average.

Since 2009 and during the recession, Indiana has won nearly 70 competitive consolidations, where national or international companies saw the need to consolidate, then chose Indiana as the best place for the streamlined operation.

Major Moves, low taxes, and a business- friendly environment - that's what we've done in our six years of this administration. But there is so much more to be done in the next two years and beyond. What does the future of infrastructure look like in Indiana?

If you want an even greater contrast with what the federal government has done, consider this: while Washington struggles to pay interest on all the borrowing they've done, Indiana taxpayers stand to collect about \$100 million in interest every five years.

Major Moves is more than just a 10-year plan. As part of the deal to ensure we can build roads going forward, we created the Highway Next Generation Trust Fund. We set aside \$500 million of the proceeds from the toll road lease.

That money, including the interest, is untouchable until the early part of next year. At that point, only the interest will be transferred to the highway construction fund. The transfer of interest occurs every five years, which will help fund maintenance and new construction.

You can imagine the fight we've had on our hands to keep legislators from spending down the Trust Fund on any number of "good ideas." It's an ongoing battle to protect the Trust Fund, but we must.

If we fail to maintain and modernize our infrastructure, we fail to act in the best interest of Hoosiers. They depend on the business community to thrive, and the business community depends on safe, reliable, easily accessible transportation.

There's no way of knowing how much money we will have accrued when the first amount of interest is transferred to INDOT. But right now, the market value of the Fund is well over \$600 million. And, of course, you can lay a lot of blacktop with \$100 million.

Our Major Moves initiative should not be viewed as a onetime project, but rather as a philosophy of government. When it makes sense, we'll partner with the private sector to make sure that projects get built sooner and faster. That's the only way we're going to see multi-billion dollar projects we have planned, like the Illiana Expressway and the new bridges over the Ohio River.

We don't believe in spending the public's money just for the sake of spending it. But, we won't shy away from making infrastructure investments that will secure future economic growth for all our citizens.

I thank you for the role each of your companies and AED play in that future. I know you have been affected during the recession, and you've had to sacrifice and innovate to keep moving forward.

I want to assure you that in Indiana, we are doing everything we can to make your jobs easier. We're all in this together.

Thanks for all you do, and thanks for having me here today.